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APPENDIX IX.

[Vide answer to unstarred question No. 13 asked by Sri B. Narayanaswami Nayudu at the meeting of the Legislative Council held on 21st October 1947 on page 513 supra.]

Amendments to be moved by the Hon. Sri B. Gopala Reddi, Minister for Finance, Madras.

1. *Paragraph* 6 *of the Report.*

"6. We recommend to the Assembly the proposals contained in paragraph 2-D of our previous report on the subejct of federal taxation. It is quite clear, however, that the retention by the Federation of the proceeds of all the taxes specified by us would disturb, in some cases violently, the financial stability of the Units and we recommend therefore that provision should be made for an assignment, or a sharing, of the proceeds of some of these taxes on a basis to be determined *by the Federation from time to time.*"

Amendment.—That in paragraph 6 *for* the words "*by the Federation from time to time*" *the following be substituted* :—

"at intervals of five years by a Commission to be established by an Act of the Federal Legislature containing a fixed number of members appointed by the Federal Government, an equal number of members appointed by the Governments of the Units under a suitable procedure, and a Chairman who has held high judicial office elected by the members representing the Federal Government and the Units."

2. *Item* 72—*List I—Federal Legislative List.*

"72. Duties of excise on tobacco and other goods manufactured or produced in India except—

(*a*) alcoholic liquors for human consumption;

(*b*) opium, Indian hemp and other narcotic drugs and narcotics; non-narcotic drugs;

(*c*) medicinal and toilet preparations containing alcohol, or any substance included in sub-paragraph (*b*) of this entry"

Amendment.—That item 72 be *deleted.*

3. *Item* 73—*List I—Federal Legislative List.*

"73. Corporation Tax."

Amendment.—That at the end of item 73 the following proviso be *added* :—

"Provided that at least fifty per cent of the net proceeds shall be distributed among the Provinces and the Federated States in which the tax is levied, and that the distribution shall be made according to principles formulated by Act of the **Federal** Legislature."

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4. *Item 77—List I—Federal Legislative List.*

" 77. Taxes on income other than agricultural income."

Amendment.—That at the end of item 77 the following proviso be *added* :—

" Provided that at least fifty per cent of the net proceeds shall be distributed among the Provinces and the Federal States in which the tax is levied, and that the distribution shall be made according to principles formulated by Act of the Federal Legislature."

5. *Item 79—List I.*

" 79. Duties in respect of succession to property other than agricultural land."

Amendment.—That in item 79, the words " other than agricultural land " be *deleted*, and the following proviso be *added* at the end of the item :—

" Provided that the net proceeds shall not form part of the revenues of the Federation but shall be assigned to the Provinces and to the Federal States in which the tax is levied, and shall be distributed among them according to principles formulated by Act of the Federal Legislature."

6. *Item 80—List I.*

" 80. Estate duty in respect of property *other than agricultural land.*"

Amendment.—That in item 80, the words " other than agricultural land " be *deleted*, and the following proviso be *added* at the end of the item :—

" Provided that the net proceeds shall not form part of the revenues of the Federation but shall be assigned to the Provinces and to the Federated States in which the tax is levied, and shall be distributed among them according to principles formulated by Act of the Federal Legislature."

7. *Item 81—List I.*

" 81. The rates of stamp duty in respect of bills of exchange, cheques, promissory notes, bills of lading, letters of credit, policies of insurance, transfer of shares, debentures, proxies and receipts."

Amendment.—That the following proviso be *added* at the end of item 81 :—

" Provided that the net proceeds shall not form part of the revenue of the Federation but shall be assigned to the Provinces and to the Federated States in which the tax is levied, and shall be distributed among them according to principles formulated by Act of the Federal Legislature."

8. *Item* 82—*List I.*

" 82. Terminal taxes on goods or passengers, carried by railway or air; taxes on railway fares and freights."

Amendment.—That the following proviso be *added* to item 82 at the end :—

" Provided that the net proceeds shall not form part of the revenues of the Federation but shall be assigned to the Provinces and to the Federated States in which the tax is levied, and shall be distributed among them according to principles formulated by Act of the Federal Legislature."

That after item 82, the following *new item be inserted* :—

New Addition 82-*A.*

" 82-A. Taxes on the sale of stock, shares, debentures and similar securities, provided that the net proceeds shall not form part of the revenues of the Federation but shall be assigned to the Provinces and to the Federated States in which the tax is levied, and shall be distributed among them according to principle formulated by Act of the Federal Legislature."

9. *Item* 41—*List II—Provincial Legislative List.*

" 41. Duties of excise on the following goods manufactured or produced in the Province and counter-vailing duties at the same or lower rates on similar goods manufactured or produced elsewhere in the territories of the Federation :—

(*a*) alcoholic liquors for human consumption;

(*b*) opium, Indian hemp and other narcotic drugs and narcotics; non-narcotic drugs; and

(*c*) medicinal and toilet preparations containing alcohol, or any substance included in sub-paragraph (*b*) of this entry."

Amendment.—That in item 41, the words " the following " and sub-paragraphs (*a*), (*b*) and (*c*) be *deleted.*

10. *Items* 44 *and* 45—*List II.*

" 44. Duties in respect of succession to agricultural land. 45. Estate duty in respect of agricultural land."

Amendment.—That items 44 and 45 be *deleted.*

11. *Item* 50—*List II.*

" 50. Taxes on the sale of goods and on advertisements."

Amendment.—That *for* item 50, the following be *substituted* :—

" 50. Taxes on the sale of goods, and, subject to the provisions of List I, of services.

50-A. Taxes on Advertisements."